

Senate Engrossed

**FILED**

**MICHELE REAGAN**  
**SECRETARY OF STATE**

State of Arizona  
Senate  
Fifty-third Legislature  
First Regular Session  
2017

CHAPTER 307

# **SENATE BILL 1524**

AN ACT

AMENDING SECTION 26-262, ARIZONA REVISED STATUTES; AMENDING TITLE 28, CHAPTER 20, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 28-6994; AMENDING SECTION 41-791, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 10, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 4; APPROPRIATING MONIES; RELATING TO STATE BUDGET PROCEDURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 26-262, Arizona Revised Statutes, is amended to read:

26-262. Military installation fund; rules; application review; award and use of monies; reporting requirements; definitions

A. The military installation fund is established consisting of revenues made available to the fund from any lawful source. The adjutant general shall administer the fund. On notice from the adjutant general, the state treasurer shall invest and divest monies in the fund as provided by section 35-313, and monies earned from investment shall be credited to the fund. The fund is exempt from the provisions of section 35-190 relating to lapsing of appropriations.

B. Monies in the fund are continuously appropriated for the purposes of this section.

C. ~~The department of emergency and military affairs,~~ in conjunction with the military affairs commission established by section 26-261, shall adopt by rule procedures for receiving and evaluating applications and awarding the monies as provided by subsection G of this section. If applications for monies exceed the amount available in the fund, the department may request applicants to reduce the amount of the applications or deny or award reduced amounts.

D. The department shall receive each application for fund monies and shall forward each application to the military affairs commission. The military affairs commission shall review each application and recommend to the department both of the following:

1. Each applicant that should be awarded monies from the fund.

2. The dollar amount that each applicant ~~listed~~ pursuant to paragraph 1 of this subsection should be awarded from the fund.

E. The department shall consider the military affairs commission's recommendations and shall decide how the monies in the fund shall be awarded among the applicants. The department, after reviewing the recommendations by the military affairs commission, shall make the monies in the fund available for the purpose of military installation preservation and enhancement projects. Except as provided in subsection F of this section, after the department makes an award decision the department shall award the monies.

F. If the department does not comply with the military affairs commission's recommendation for the awards, within five days after the department's decision the department shall report in writing to the military affairs commission, the president of the senate, the speaker of the house of representatives and the governor. The report shall include the award decision of the department and the recommendation of the military affairs commission. The department shall not distribute monies

1 from the fund to the applicants for at least sixty days after the report  
2 is received.

3 G. The department shall:

4 1. Award eighty percent of the monies in the fund for the following  
5 purposes, except that up to twenty percent of this amount may be awarded  
6 to cities, towns and counties for the purpose of acquiring private land  
7 for the purposes prescribed in paragraph 2 of this subsection:

8 (a) Acquisition of private property for the purpose of preserving a  
9 military installation.

10 (b) Acquisition of real estate and rights to real estate and  
11 otherwise preserving real estate from development or mitigating impacts on  
12 development in high noise or accident potential zones as defined in  
13 section 28-8461 and in areas as required to support a military  
14 installation.

15 (c) Acquisition of real estate, property rights and related  
16 infrastructure that ~~is~~ ARE vital to the preservation or enhancement of a  
17 military installation.

18 (d) Structural renovations or construction of building  
19 modifications or improvements that mitigate or attenuate impacts in high  
20 noise or accident potential zones.

21 (e) Removal of structures or improvements that are necessary for  
22 acquisition of private property for the purpose of preserving a military  
23 installation.

24 (f) Management of acquired property that is necessary to preserve  
25 and enhance military missions and military installations.

26 2. Except as provided by subsection L of this section, award twenty  
27 percent of the monies in the fund to cities, towns and counties for:

28 (a) Military installation preservation and enhancement projects or  
29 analytical reports or studies that are requested by federal or state  
30 agencies or military facilities in this state.

31 (b) Investment in or construction of capital improvements or  
32 infrastructure for the purpose of preserving a military installation.

33 (c) Structural renovations or construction of building  
34 modifications or improvements that mitigate or attenuate impacts in high  
35 noise or accident potential zones.

36 (d) Removal of structures or improvements that are necessary for  
37 acquisition of private property for the purpose of preserving a military  
38 installation.

39 (e) Management of acquired property that is necessary to preserve  
40 and enhance military missions and military installations.

41 H. BEFORE AWARDING MONIES PURSUANT TO SUBSECTION G OF THIS SECTION,  
42 THE DEPARTMENT SHALL SUBMIT A REPORT OF THE PROPOSED AWARDS TO THE JOINT  
43 COMMITTEE ON CAPITAL REVIEW FOR REVIEW. The legislature shall review the  
44 distribution formula prescribed in subsection G of this section at least  
45 once every four years.



1 I. Monies in the fund may be awarded for debt service on bonds  
2 issued by a political subdivision for the purpose of acquisition of  
3 private property for the purpose of preserving a military airport or  
4 ancillary military facility as defined in section 28-8461 if the land  
5 acquisition occurs after December 31, 2004.

6 J. The department shall annually report the awards made pursuant to  
7 this section. The report shall be in writing and shall be sent to the  
8 president of the senate, the speaker of the house of representatives and  
9 the governor. The department shall send a copy of this report to the  
10 secretary of state.

11 K. The department ~~of emergency and military affairs~~ may transfer  
12 any real estate, property rights and related infrastructure that are  
13 acquired pursuant to this section to any other governmental agency for the  
14 purposes of preserving or enhancing military installations in this state.

15 L. If monies remain after the award of monies pursuant to  
16 subsection G, paragraph 2 of this section, the department may use the  
17 remaining monies for either of the following:

18 1. The purposes prescribed in subsection G, paragraph 1 of this  
19 section.

20 2. Projects or studies necessary to preserve or enhance military  
21 missions and military installments in this state.

22 M. Any agency of this state may accept title to and manage real  
23 estate, property rights and related infrastructure that are acquired  
24 pursuant to this section.

25 N. For the purposes of this section: —

26 1. "DEPARTMENT" MEANS THE DEPARTMENT OF EMERGENCY AND MILITARY  
27 AFFAIRS.

28 2. "Military installation" has the same meaning prescribed in  
29 section 26-261.

30 Sec. 2. Title 28, chapter 20, article 4, Arizona Revised Statutes,  
31 is amended by adding section 28-6994, to read:

32 28-6994. Highway damage recovery account

33 A. THE HIGHWAY DAMAGE RECOVERY ACCOUNT IS ESTABLISHED AS A SEPARATE  
34 ACCOUNT IN THE STATE HIGHWAY FUND ESTABLISHED BY SECTION 28-6991. THE  
35 DEPARTMENT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, ALL  
36 MONIES RECEIVED FOR DAMAGE CAUSED TO STATE HIGHWAYS, PORTIONS OF HIGHWAYS  
37 FORMING STATE ROUTES, FIXTURES AND OTHER STATE PROPERTY IN THE  
38 RIGHT-OF-WAY INTO THE ACCOUNT. SUBJECT TO LEGISLATIVE APPROPRIATION, THE  
39 DEPARTMENT SHALL USE MONIES IN THE ACCOUNT FOR MAINTENANCE OF STATE  
40 HIGHWAYS, PORTIONS OF HIGHWAYS AND STATE ROUTES.

41 B. ON NOTICE FROM THE DEPARTMENT, THE STATE TREASURER SHALL INVEST  
42 AND DIVEST MONIES IN THE HIGHWAY DAMAGE RECOVERY ACCOUNT AS PROVIDED BY  
43 SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE CREDITED TO THE  
44 ACCOUNT.



1           Sec. 3. Section 41-791, Arizona Revised Statutes, is amended to  
2 read:  
3           41-791. Powers and duties relating to public buildings  
4                   maintenance; compensation of personnel  
5           A. The department is responsible for the direction and control of  
6 public buildings maintenance as prescribed in this article.  
7           B. The department is responsible for the allocation of space,  
8 operation, alteration, renovation and security of the following buildings:  
9           1. The state capitol executive tower of the state capitol building.  
10           2. The state office buildings in Tucson.  
11           3. The state office buildings located at:  
12           (a) 519 East Beale Street in Kingman.  
13           (b) 2910 North 44th Street in Phoenix.  
14           (c) 417 West Roosevelt Street in Phoenix.  
15           (d) 9535 East Doubletree Ranch Road in Scottsdale.  
16           (e) 9545 East Doubletree Ranch Road in Scottsdale.  
17           4. All other buildings owned or leased by the state and located  
18 near the state capitol building and the state office buildings in Tucson,  
19 except for:  
20           (a) Buildings occupied, operated and maintained by the following  
21 state agencies:  
22           (i) The department of transportation.  
23           (ii) The Arizona power authority.  
24           (b) The state capitol museum, the legislative services wing, the  
25 house of representatives and senate wings of the state capitol building  
26 and the building located at 1716 ~~W.~~ WEST Adams STREET in Phoenix.  
27           (c) The department of economic security facilities purchased with  
28 federal funding assistance and exclusively and continuously operated and  
29 maintained for ~~its~~ THE DEPARTMENT'S own occupancy.  
30           (d) The Arizona courts building.  
31           (e) THE MINING, MINERAL AND NATURAL RESOURCES EDUCATIONAL MUSEUM.  
32           C. The department is responsible for the maintenance of the  
33 following buildings and grounds:  
34           1. The entire state capitol building and the grounds adjacent to  
35 it.  
36           2. The state office buildings in Tucson and the grounds adjacent to  
37 them.  
38           3. Other buildings and grounds owned or leased by the state if the  
39 function is not otherwise assigned, except for the interior of the Arizona  
40 courts building.  
41           D. The director may establish rules for the operation, maintenance  
42 and security of buildings and grounds under the director's jurisdiction.

1 E. The department shall:

2 1. Employ engineers and maintenance and operations personnel as  
3 required, including a buildings manager for the state office buildings in  
4 Tucson.

5 2. Determine the hours of duty and assignment of personnel.

6 F. All personnel employed under this article are eligible to  
7 receive compensation as determined under section 38-611.

8 Sec. 4. Title 41, chapter 10, Arizona Revised Statutes, is amended  
9 by adding article 4, to read:

10 ARTICLE 4. ARIZONA JOB TRAINING PROGRAM

11 41-1544. Arizona job training fund; definitions

12 A. THE ARIZONA JOB TRAINING FUND IS ESTABLISHED CONSISTING OF  
13 LEGISLATIVE APPROPRIATIONS, GIFTS, GRANTS AND OTHER MONIES. THE AUTHORITY  
14 SHALL ADMINISTER THE FUND. ON NOTICE FROM THE CHIEF EXECUTIVE OFFICER,  
15 THE STATE TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED  
16 BY SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE CREDITED TO  
17 THE FUND.

18 B. THE CHIEF EXECUTIVE OFFICER MAY ACCEPT AND EXPEND FEDERAL MONIES  
19 AND PRIVATE GRANTS, GIFTS AND CONTRIBUTIONS TO ASSIST IN CARRYING OUT THE  
20 PURPOSES OF THIS ARTICLE. ALL MONIES FOR THE PROGRAM SHALL BE EXPENDED  
21 ONLY FOR THE COSTS RELATED TO TRAINING. MONIES IN THE FUND ARE EXEMPT  
22 FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF  
23 APPROPRIATIONS, EXCEPT THAT:

24 1. MONIES IN THE FUND MAY NOT BE ENCUMBERED FROM AND AFTER  
25 DECEMBER 31, 2020.

26 2. MONIES IN THE FUND THAT ARE UNENCUMBERED ON JANUARY 1, 2021  
27 REVERT TO THE STATE GENERAL FUND.

28 3. ALL MONIES REMAINING IN THE FUND ON JUNE 30, 2022 REVERT TO THE  
29 STATE GENERAL FUND.

30 C. THE FUND MONIES SHALL BE SPENT ON APPROVAL OF THE AUTHORITY AT  
31 THE DIRECTION OF THE CHIEF EXECUTIVE OFFICER IN ACCORDANCE WITH THE  
32 GUIDELINES AND PROCEDURES ADOPTED BY THE WORKFORCE ARIZONA COUNCIL.

33 D. A MINIMUM OF TWENTY-FIVE PERCENT OF THE MONIES APPROPRIATED TO  
34 THE FUND SHALL BE USED TO PROVIDE TRAINING TO SMALL BUSINESSES EMPLOYING  
35 FEWER THAN ONE HUNDRED EMPLOYEES.

36 E. A MINIMUM OF TWENTY-FIVE PERCENT OF THE MONIES APPROPRIATED TO  
37 THE FUND SHALL BE USED TO PROVIDE TRAINING TO BUSINESSES LOCATED IN RURAL  
38 AREAS OF THIS STATE.

39 F. IF A BUSINESS RECEIVES MONIES FOR TRAINING FROM THE FUND AND THE  
40 BUSINESS EMPLOYS FEWER THAN ONE HUNDRED EMPLOYEES AND IS LOCATED IN A  
41 RURAL AREA OF THIS STATE, THE BUSINESS SHALL BE INCLUDED IN THE MINIMUM  
42 PERCENTAGES PRESCRIBED IN SUBSECTIONS D AND E OF THIS SECTION.

43 G. NOT MORE THAN FIFTY PERCENT OF THE MONIES IN THE FUND SHALL BE  
44 USED TO PROVIDE INCUMBENT WORKER TRAINING.

1 H. A SINGLE GRANT AWARDED PURSUANT TO THIS ARTICLE MAY NOT BE MORE  
2 THAN ONE MILLION THREE HUNDRED THOUSAND DOLLARS.

3 I. THE AUTHORITY MAY NOT APPROVE GRANT MONIES FOR REIMBURSEMENT OF  
4 THE FOLLOWING EMPLOYER COSTS:

5 1. FRINGE BENEFITS, FOOD AND BEVERAGES, RECRUITMENT AND SIGNING  
6 BONUSES FOR TRAINEES AND TRAINERS.

7 2. EMPLOYER COSTS TO COMPLETE A PROGRAM APPLICATION.

8 3. EXCEPT FOR SMALL BUSINESSES, TRAINING EXPENSES FOR PARTNERS OR  
9 CORPORATE OFFICERS.

10 4. EMPLOYEE RELOCATION EXPENSES.

11 5. TRAINING OR COURSE DEVELOPMENT COSTS THAT ARE NOT PART OF THE  
12 EMPLOYER'S APPROVED TRAINING PLAN.

13 6. COSTS FOR ASSESSING THE TRAINING NEEDS OF EMPLOYEES.

14 7. DRUG OR OTHER TESTING COSTS FOR EMPLOYEE SCREENING OR  
15 PRESCREENING PURPOSES.

16 8. COSTS FOR TRADE SHOWS AND CONFERENCES OR SEMINARS THAT DO NOT  
17 RESULT IN A SKILL CERTIFICATE THAT IS EARNED BY AN EMPLOYEE.

18 9. OTHER COSTS PROHIBITED BY RULE.

19 J. FOR THE PURPOSES OF THIS SECTION:

20 1. "RURAL AREA" MEANS EITHER:

21 (a) A COUNTY WITH A POPULATION OF LESS THAN SEVEN HUNDRED FIFTY  
22 THOUSAND PERSONS.

23 (b) A CENSUS COUNTY DIVISION WITH LESS THAN FIFTY THOUSAND PERSONS  
24 IN A COUNTY WITH A POPULATION OF SEVEN HUNDRED FIFTY THOUSAND OR MORE  
25 PERSONS.

26 2. "SMALL BUSINESS" MEANS A CONCERN, INCLUDING ITS AFFILIATES, THAT  
27 EMPLOYS FEWER THAN ONE HUNDRED EMPLOYEES.

28 Sec. 5. Unrestricted federal monies; essential government  
29 services

30 Any unrestricted federal monies received by this state beginning  
31 July 1, 2017 through June 30, 2018 shall be deposited in the state general  
32 fund. The monies shall be used for the payment of essential governmental  
33 services.

34 Sec. 6. Rental rates; state-owned buildings; fiscal year  
35 2017-2018

36 Notwithstanding section 41-792.01, subsection D, Arizona Revised  
37 Statutes, the capital outlay stabilization fund rental rates for  
38 state-owned buildings in fiscal year 2017-2018 are \$13.08 per square foot  
39 for office space and \$4.74 per square foot for storage space.

40 Sec. 7. Department of administration; rulemaking exemption;  
41 risk management agency deductible

42 A. The department of administration is exempt from the rulemaking  
43 requirements of title 41, chapter 6, Arizona Revised Statutes, for the  
44 purpose of changing the risk management agency deductible pursuant to  
45 section 41-621, Arizona Revised Statutes, until July 1, 2018.



1 B. Subject to review by the joint legislative budget committee  
2 pursuant to section 41-621, Arizona Revised Statutes, it is the intent of  
3 the legislature that the department of administration increase the agency  
4 deductible from \$100 to \$2,500 for agencies with an annual budget of more  
5 than \$1,000,000.

6 Sec. 8. Annual budgets

7 A. Notwithstanding section 35-121, Arizona Revised Statutes, for  
8 fiscal year 2019-2020, appropriations for all budget units may be limited  
9 to one fiscal year.

10 B. Notwithstanding section 35-111, Arizona Revised Statutes, the  
11 governor shall submit a budget only for the next fiscal year not later  
12 than five days after the regular session of the legislature convenes in  
13 2018.

14 C. Notwithstanding section 35-113, Arizona Revised Statutes, the  
15 head of each budget unit shall submit a budget estimate only for the  
16 2018-2019 fiscal year in calendar year 2017.

17 Sec. 9. Budget stabilization fund; exceptions

18 Notwithstanding section 35-144, Arizona Revised Statutes, for fiscal  
19 years 2017-2018, 2018-2019 and 2019-2020, the legislature is not required  
20 to appropriate monies to or transfer monies from the budget stabilization  
21 fund.

22 Sec. 10. Retroactivity

23 Title 41, chapter 10, article 4, Arizona Revised Statutes, as added  
24 by this act applies retroactively to from and after December 31, 2016.

APPROVED BY THE GOVERNOR MAY 12, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 12, 2017.



Passed the House May 4, 20 17,

Passed the Senate May 4, 20 17,

by the following vote: 35 Ayes,

by the following vote: 17 Ayes,

24 Nays, 1 Not Voting

13 Nays, 0 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

[Signature]  
Chief Clerk of the House

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

8<sup>th</sup> day of May, 20 17

at 11:25 o'clock A. M.

[Signature]  
Secretary to the Governor

Approved this 12<sup>th</sup> day of

May, 20 17,

at 8:10 o'clock A. M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 12 day of May, 20 17,

at 3:14 o'clock P. M.

[Signature]  
Secretary of State

S.B. 1524